CANADIAN SECURITIES ADMINISTRATORS

2012 Enforcement Report

CSA ACVM

Canadian Securities Administrators

About CSA

The Canadian Securities Administrators (CSA) is the council of the 10 provincial and three territorial securities regulators in Canada. The mission of the CSA is to facilitate Canada's securities regulatory system, providing protection to investors from unfair, improper or fraudulent practices and to promote fair, efficient and transparent capital markets, through the development of harmonized securities regulation, policy and practice.

The CSA seeks to streamline the regulatory process for companies that wish to raise capital and for individuals and companies working in the investment industry. In enforcement matters, while most enforcement activity is conducted locally, CSA members also coordinate multi-jurisdictional investigations and share tools and techniques that help their staff investigate and prosecute securities law violations that cross borders.

▶ RESPONSIVE

Responsive enforcement acts quickly and appropriately in cases of misconduct.

▶ COLLABORATIVE

Collaborative enforcement prevents misconduct from spreading across borders and promotes efficiency across jurisdictions.

▶ EFFECTIVE

Effective enforcement strengthens public confidence in Canadian capital markets.

Message From The Chair

Bill Rice
Chair, CSA

In protecting investors and the integrity of the Canadian capital markets, CSA members work hard to combat securities fraud and we place particular emphasis in our enforcement work on those securities law violations that constitute fraud. Fraudulent behaviour can cause tremendous harm.

In this fifth year of the annual CSA enforcement report, we have changed how we report on securities fraud. In order to distinguish fraud cases more clearly and to track the numbers of such cases, we have added fraud as a stand-alone category of securities offence. Fraud cases have previously been included within the other categories of violation.

We provide examples of several different types of fraud in this report, including Ponzi schemes, affinity frauds, and foreign exchange trading scams. The Arbour Energy case is a notable example of a deliberately complex, coordinated, far-reaching fraudulent investment scheme. The proceedings in the case were led by the Alberta Securities Commission, with assistance from five other CSA members as well as the Securities and Exchange Commission in the U.S. Total sanctions of nearly $54 million were imposed in that case, and some respondents are also facing criminal charges.

A helpful tool in our efforts to fight fraud is the public survey conducted by the CSA every three years, which covers investment knowledge, investor behaviour and incidence of investment fraud in Canada. The 2012 CSA Investor Index provides context around the investment climate in Canada and the factors that can enable fraud to occur. While the study demonstrates some encouraging trends – more Canadians are saving for retirement and more are using financial advisors than in previous years – the results also show that most Canadians have unrealistically high expectations of the returns they should expect on their investments. When interest rates are as low as they are today, investors naturally seek higher returns. A promise of high, risk-free returns is one of the clearest warning signs of a fraudulent scheme.

"A PROMISE OF HIGH, RISK-FREE RETURNS IS ONE OF THE CLEAREST WARNING SIGNS OF A FRAUDULENT SCHEME."

The 2012 Investor Index also found that almost 30 per cent of Canadians believe they have been approached with an investment fraud at some point in their lives. However, only 29 per cent of those who believed they had been approached reported the possible fraud to authorities. Since tips from the public represent an important source of information for our enforcement teams, we encourage Canadians to report questionable promotions to their provincial or territorial securities regulator.

We are making good progress on our objective of prosecuting more frauds and other securities violations in the courts. Courts have the authority to impose jail sentences for serious violations. Courts in five provinces handed down jail time for seven individuals in 2012. The Prosecution in the Courts page of the report gives examples of some of the notable prosecutions from the past year.

Finally, while this report focuses on a few of the more egregious cases of fraud and other wrongdoing addressed by CSA members in 2012, it is worth noting that the handful of cases profiled here are just a small sub-set of the 135 cases concluded by securities regulators across the country over the past year. In all their efforts, from prosecuting high-profile frauds to the everyday work of upholding securities laws and regulations, the securities enforcement teams of CSA members are enforcing the security, reliability and fairness of the Canadian capital markets to the benefit of all investors.

Bill Rice
Chair, CSA

Key Players in Enforcement

In Canada, a number of laws and rules govern capital markets and market participants; different agencies enforce these laws and rules. Each fulfills different roles in the overall regulation of capital markets. CSA members administer and enforce the securities legislation in each jurisdiction, whereas criminal authorities enforce the *Criminal Code*.

The Canadian Securities Market

Market Capitalization[1]	$ 2.16 trillion
Total Issuers[2]	5,253
Total Registrants (firms)[3]	2,440
Total Registrants (individuals)[3]	123,442
Registered Plan Assets[4]	$ 1.02 trillion
Pension Fund Assets[4]	$ 1.31 trillion
Total Financial Wealth[4]	$ 2.97 trillion
Size of Exempt Market[5]	approx. $ 150 billion

1 Data from the TMX Market Intelligence Group Report at September 30, 2012 (includes only equity).

2 Total number of issuers compiled from SEDAR and includes listed and unlisted issuers. Does not include investment fund issuers.

3 Data compiled from the National Registration Database, and includes registered and exempt firms and registered and permitted individuals.

4 Data from Investor Economics, Household Balance Sheet, as of December 2011. Pension fund assets include CPP and QPP. Registered plan assets include assets in RRSPs, DPSPs, TFSAs, RDSPs, and RRIFs.

5 Data from reports of exempt distribution filed in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia for investments made by Canadian resident companies, institutional investors, investment funds and individuals using prospectus exemptions in 2011. The figure includes only investments made under five of the available prospectus exemptions that trigger reporting requirements under securities laws.

Securities Laws and Regulators

Securities laws in each province and territory are comprised of a *Securities Act*, which provides the legal foundation for regulatory requirements related to the capital markets, along with any regulations or rules under each Act and any blanket rulings, orders and decisions issued by securities regulators. Securities laws impose duties on issuers, registrants and other market participants.

An effective regulatory enforcement regime is rooted in strategies that focus on investor protection and the prevention of harm. CSA members, as securities regulators, investigate suspected securities-related misconduct, such as breaches of obligations by registrants with respect to clients, illegal sales of securities, or other securities law infractions.

Securities regulators may bring allegations of securities misconduct to a hearing before a securities commission or an associated tribunal. Securities legislation authorizes CSA members to seek or impose administrative sanctions for securities-related misconduct, including monetary sanctions and prohibitions from market participation or access. Such sanctions are intended to deter misconduct and to protect investors from harm.

Securities legislation also establishes quasi-criminal offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and a significant fine. In some jurisdictions, staff may directly prosecute such cases in court. In others, securities regulators may refer cases of certain quasi-criminal offences to Crown counsel for prosecution in the courts. CSA members have no authority to order a term of imprisonment; this can only be done by a judge.

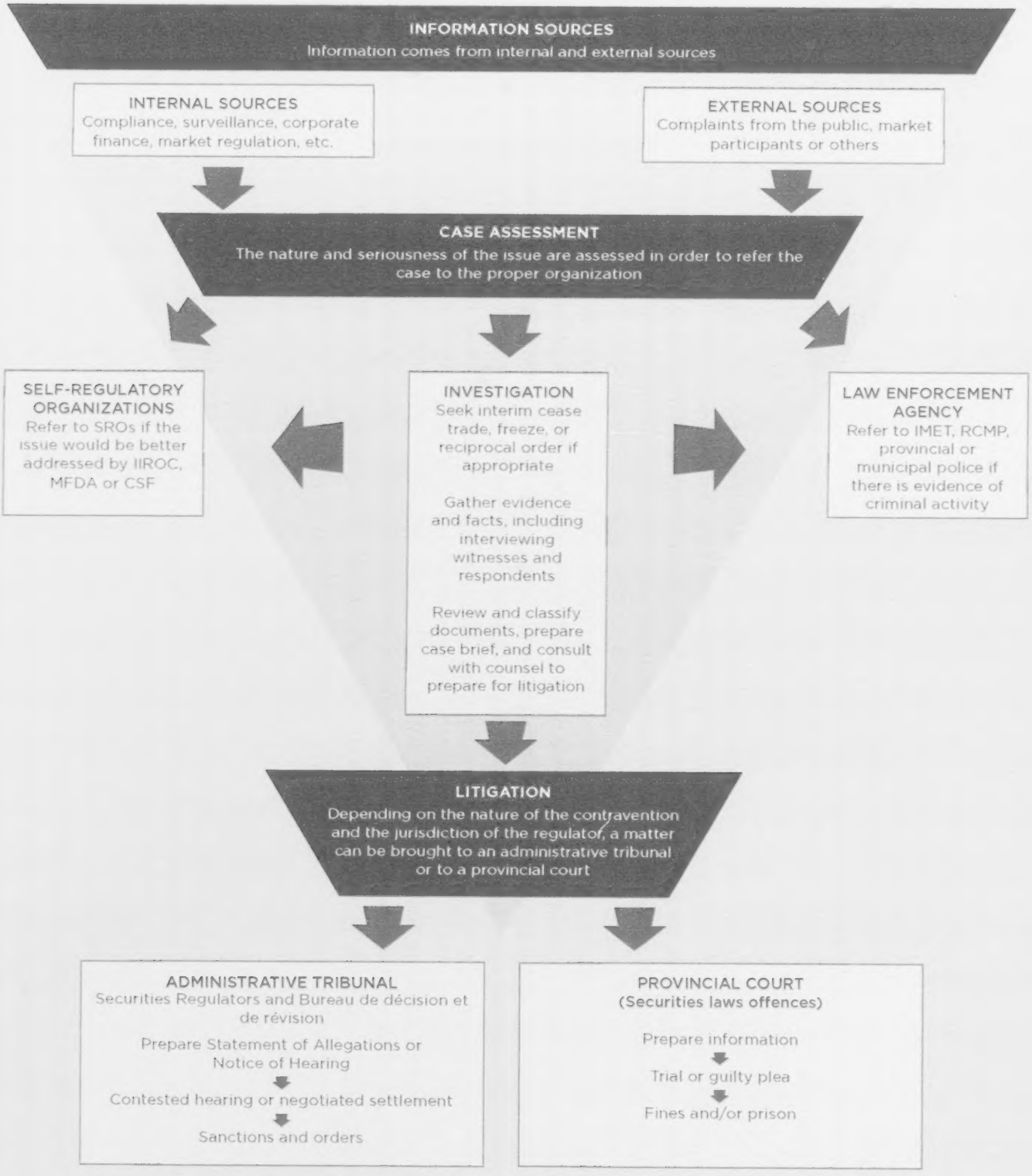
Criminal Code and Authorities

The *Criminal Code*, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) that could also capture some securities-related misconduct. Penalties imposed by the courts for criminal offences are intended to, among other things, punish those persons who have committed securities-related misconduct. Penalties for committing offences can include a lengthy term of imprisonment and a significant fine under the *Criminal Code*. The pursuit of an offence under the *Criminal Code* requires charges to be laid by law enforcement, the Crown or, in Québec, the Director of Criminal and Penal Prosecutions. The prosecution is then pursued by Crown counsel or the Director.

Self-Regulatory Organizations (SROs)

Canadian securities regulators have recognized self-regulatory organizations (SROs) to regulate investment dealers and mutual fund dealers, under the oversight of CSA members. The key SROs in Canada are the Investment Industry Regulatory Organization of Canada (IIROC), the Chambre de la sécurité financière (CSF), and the Mutual Fund Dealers Association of Canada (MFDA). SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access and monetary penalties.

The Enforcement Process


INFORMATION SOURCES
Information comes from internal and external sources
INTERNAL SOURCES
Compliance, surveillance, corporate finance, market regulation, etc.
EXTERNAL SOURCES
Complaints from the public, market participants or others
CASE ASSESSMENT
The nature and seriousness of the issue are assessed in order to refer the case to the proper organization
SELF-REGULATORY ORGANIZATIONS
Refer to SROs if the issue would be better addressed by IIROC, MFDA or CSF
INVESTIGATION
Seek interim cease trade, freeze, or reciprocal order if appropriate
Gather evidence and facts, including interviewing witnesses and respondents
Review and classify documents, prepare case brief, and consult with counsel to prepare for litigation
LAW ENFORCEMENT AGENCY
Refer to IMET, RCMP, provincial or municipal police if there is evidence of criminal activity
LITIGATION
Depending on the nature of the contravention and the jurisdiction of the regulator, a matter can be brought to an administrative tribunal or to a provincial court
ADMINISTRATIVE TRIBUNAL
Securities Regulators and Bureau de décision et de révision
Prepare Statement of Allegations or Notice of Hearing
Contested hearing or negotiated settlement
Sanctions and orders
PROVINCIAL COURT
(Securities laws offences)
Prepare information
Trial or guilty plea
Fines and/or prison

2012 Results

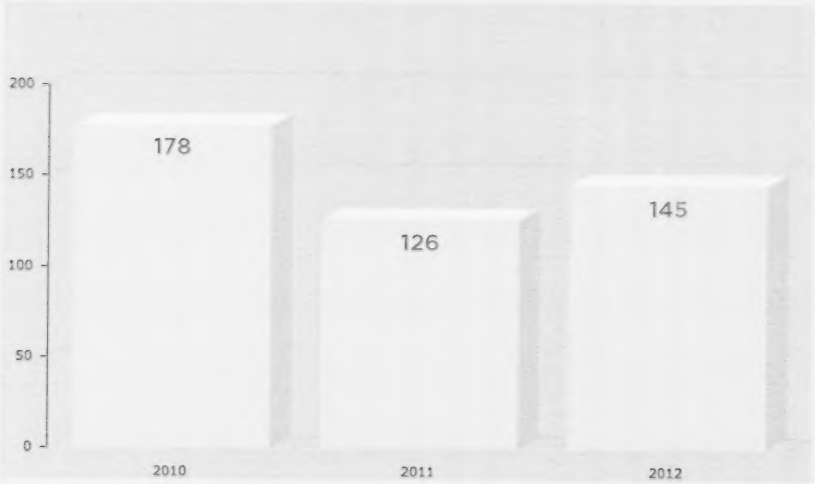
This section presents data in several enforcement categories. The results vary considerably from year to year. Cases differ widely in their complexity and in the number of respondents and victims involved. The time required to conclude a case can range from a few weeks to a year or longer, with complex cases requiring substantial resources. These results should therefore be considered in aggregate; changes in one category are not necessarily a trend.

Proceedings Commenced

Proceedings commenced are cases in which Commission staff have filed a statement of allegations or sworn an Information before the courts (or in Québec, where a statement of offence has been served on the defendant), any of which allege wrongdoing. Many of the proceedings commenced in 2012 were still underway at the end of the year, and in such cases, decisions have yet to be rendered.

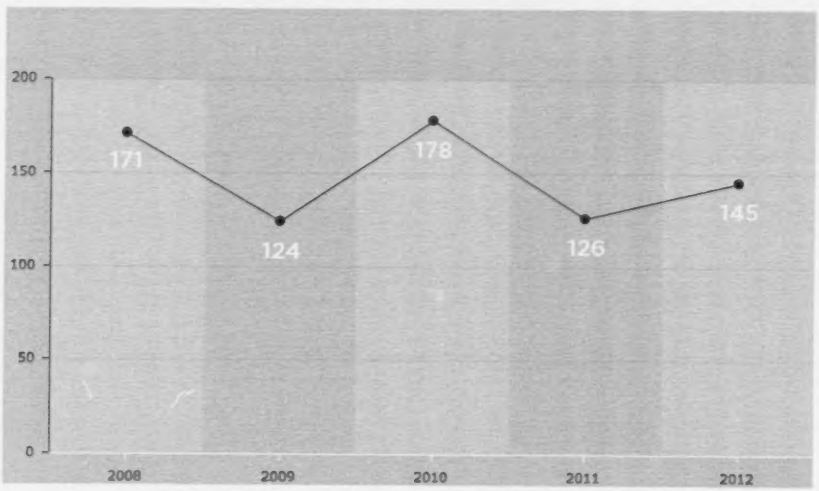
One proceeding, targeting an illegal distribution scheme, for example, might involve several individuals and one or more companies. The 145 total proceedings commenced in 2012 involve, in aggregate, 242 individuals and 146 companies. By comparison the 126 total proceedings commenced in 2011 included 231 individuals and 121 companies.

Proceedings Commenced



Respondents

Proceedings Commenced: 5-Year Results



Tables 1 and 2 below show how the proceedings commenced break down by category of wrongdoing over the last three years. The first table shows the breakdown by proceeding (each of which can involve several respondents), while the second table shows the breakdown by individual or company respondent. The pie charts give a visual representation of the 2012 data, showing the proportion of activity in each category. As outlined in the Message from the Chair, a fraud category has been added for 2012. Many of the fraud proceedings would have been classified as illegal distributions in past years; hence there is a drop in illegal distributions proceedings in 2012.

Table 1: Proceedings Commenced by Category

Type of Offence	2010	2011	2012
Illegal Distributions	122	77	53
Fraud*	n/a	n/a	34
Misconduct by Registrants	20	14	21
Illegal Insider Trading	12	9	4
Disclosure Violations	7	14	10
Market Manipulation	4	2	6
Other Cases	13	10	17
Total	**178**	**126**	**145**

* Fraud offences were included among other offences prior to 2012.

Table 2: Respondents by Category

Type of Offence	2010	2011	2012
Illegal Distributions	356	239	159
Fraud*	n/a	n/a	113
Misconduct by Registrants	40	33	38
Illegal Insider Trading	31	31	19
Disclosure Violations	10	18	14
Market Manipulation	19	12	13
Other Cases	28	19	32
Total	**484**	**352**	**388**

* Fraud offences were included among other offences prior to 2012.

Proceedings Commenced 2012

Respondents 2012

Concluded Matters

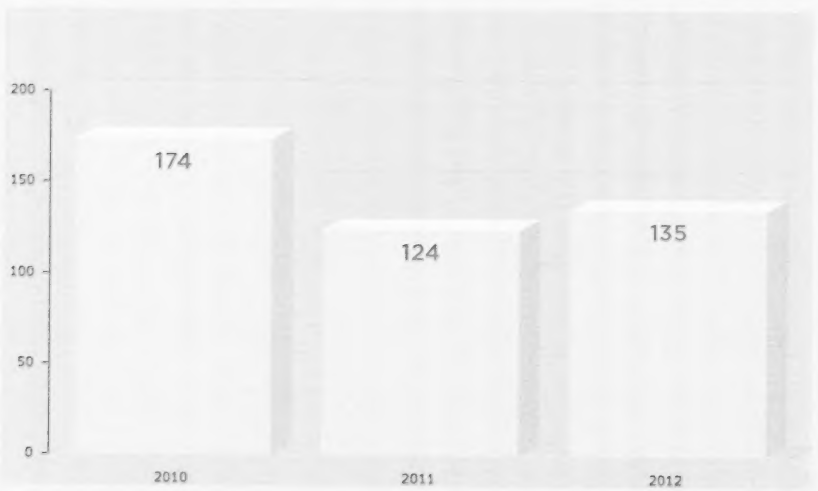
The first chart below shows the number of concluded enforcement cases in each of the last three years. The second chart shows the number of individual and company respondents against whom matters have been concluded.

The data points in the two charts below are not directly related to one another in any given year. A single enforcement case often names several individuals and one or more companies as respondents. Large or complex cases can have long lists of respondents. While cases are typically counted as concluded in the year that the first component of the case is settled, proceedings against other respondents can often carry on into the next year or beyond. Some of the respondents counted in 2012 may actually relate to cases that counted as concluded in previous years. The data in the charts below should therefore be treated independently.

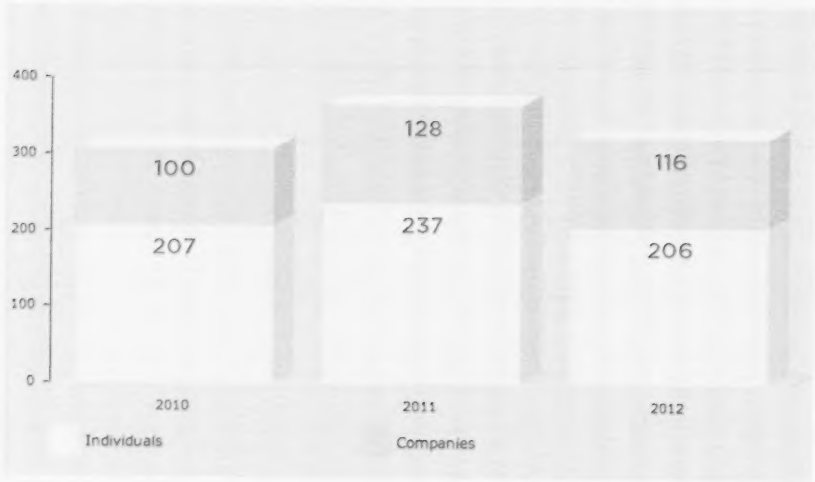
CSA members concluded an aggregate total of 135 cases in 2012, compared to 124 concluded cases in 2011. The tables provide more detail about these cases and how they were concluded. Each case is counted just once, even if more than one person or company was sanctioned in a single case. All 135 cases are listed in the concluded cases database.

In 2012, CSA members concluded matters involving 206 individuals and 116 companies, or 322 total respondents. By comparison, concluded matters in 2011 involved 237 individuals and 128 companies (365 respondents). As explained above, not all of these individual proceedings are connected to cases that concluded in 2012.

Concluded Cases



Respondents



Concluded Cases: 5-Year Results

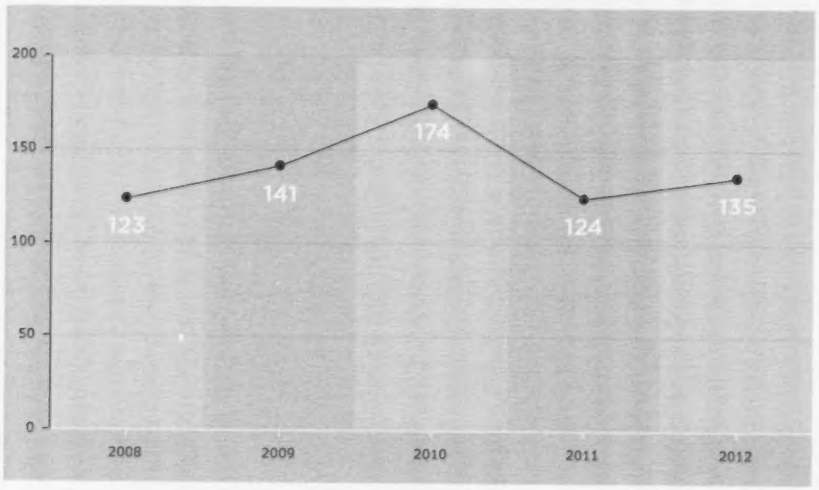


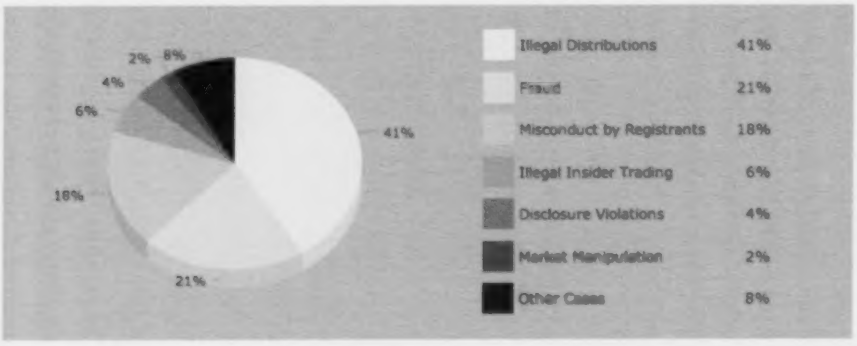
Table 3 shows completed Canadian enforcement matters against individual and company respondents, by category of wrongdoing, for 2010, 2011, and 2012. The pie chart gives a visual representation of the proportion of respondents in each category. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category, although with the addition of the new fraud category, many cases that would previously have been categorized as illegal distributions now appear in the fraud category.

Table 3: Respondents by Category[1]

Type of Offence	2010	2011	2012
Illegal Distributions	215	224	133
Fraud[2]	n/a	n/a	66
Misconduct by Registrants	31	37	61
Illegal Insider Trading	17	16	16
Disclosure Violations	22	15	15
Market Manipulation	4	11	4
Other Cases	18	62	27
Total	**307**	**365**	**322**

1 Reciprocal orders and interim cease trade orders have not been counted in this table.
2 Fraud offences were included among other offences prior to 2012.

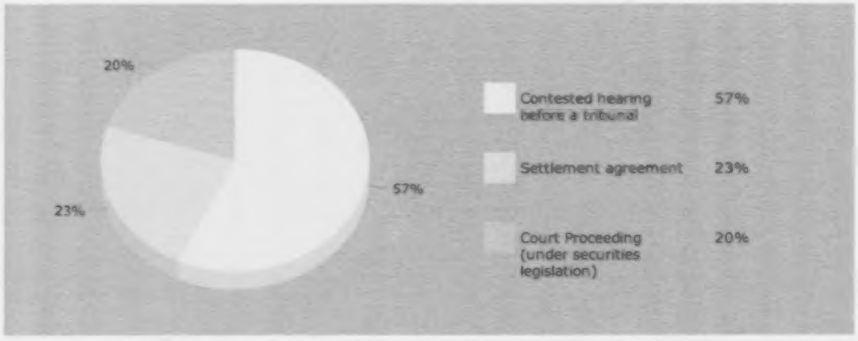
Respondents by Category 2012



How Proceedings Against Respondents Were Concluded

The pie chart below provides a breakdown of how matters against respondents were concluded in 2012, whether by a tribunal decision, a settlement agreement with a CSA member, or a court proceeding under securities legislation. Matters were concluded against 185 respondents following contested hearings, 74 respondents by settlement agreements and 63 respondents by court decision.

How Matters Were Concluded 2012



Penalties

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity, such as trading in securities or acting as a director or officer of a public company, to financial penalties and jail terms. Tables 4 and 5 outline monetary orders imposed by securities regulators and the courts over the last three years, including settlements.

Total penalties can vary considerably year to year, depending on the nature of the cases in any given year. In 2012, approximately $36.6 million was ordered in fines and administrative penalties. While penalties, costs and other monetary sanctions/orders can be difficult to collect, every effort is made by the regulator to do so, including using the services of collection agencies.

Table 4: Fines and Administrative Penalties

Type of Offence	2010	2011	2012
Illegal Distributions	$ 53,592,614	$ 40,928,558	$ 15,678,547
Fraud*	n/a	n/a	$ 17,459,625
Misconduct by Registrants	$ 4,971,418	$ 1,958,000	$ 1,750,550
Illegal Insider Trading	$ 1,835,974	$ 3,076,288	$ 684,927
Disclosure Violations	$ 3,148,500	$ 2,360,200	$ 451,500
Market Manipulation	$ 56,000	$ 1,900,000	$ 54,000
Other Cases	$ 222,500	$ 1,928,500	$ 566,500
Total	**$ 63,827,006**	**$ 52,151,546**	**$ 36,645,649**

* Fraud offences were included among other offences prior to 2012.

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. An order for disgorgement requires the payment to the regulator of amounts obtained as a result of a failure to comply with or a contravention of securities laws.

Table 5: Restitution, Compensation and Disgorgement

Type of Offence	2010	2011	2012
Illegal Distributions	$ 57,000,617	$ 42,298,519	$ 10,533,827
Fraud[1]	n/a	n/a	$ 99,743,113[2]
Misconduct by Registrants	$ 1,554,866	-	$ 9,280,798
Illegal Insider Trading	-	$ 362,772	$ 959,938
Disclosure Violations	-	-	-
Market Manipulation	-	$ 5,600,000	-
Other Cases	-	$ 1,290,631	$ 45,280
Total	**$ 58,555,483**	**$ 49,551,922**	**$ 120,562,956**

1 Fraud offences were included among other offences prior to 2012.
2 $48.6 million of this total is the disgorgement amount ordered in the Arbour case.

As well as fines and administrative penalties, respondents are also often ordered by the regulators or courts to pay part or all of the costs of the proceedings. Total costs assigned to respondents by CSA members in 2012 were $3,911,441 as compared to $2,494,154 in 2011.

In addition to monetary orders, courts in Ontario, Alberta, British Columbia, Manitoba and New Brunswick ordered jail terms for seven individuals in 2012, ranging from 30 days to three years. In total, approximately nine years of jail time was handed down to offenders in 2012.

Legislation provides for a statutory right of appeal of both tribunal and court decisions, and securities regulators expend significant resources responding to appeals brought by respondents. Occasionally a CSA member will appeal a court decision. As well as the appeals of decisions included in the table below, procedural appeals are also quite common as cases proceed through the enforcement system.

Table 6: Appeals

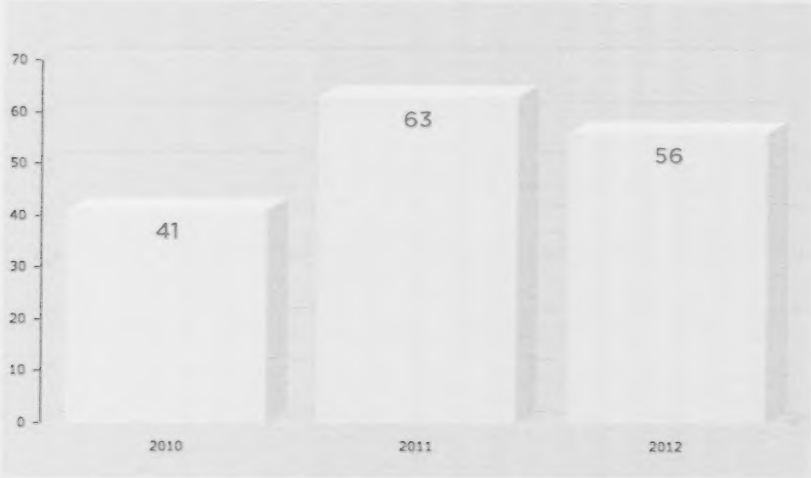
Appeals	2010	2011	2012
Cases appealed	19	31	30
Appeal decisions rendered	6	19	19

Preventive Measures

As the charts below illustrate, CSA members continue to use measures such as interim cease trade and asset freeze orders to protect investors by prohibiting or inhibiting a potentially illegal activity while an investigation is underway.

Under the 56 interim orders and asset freeze orders issued in 2012, trading and other restrictions were placed on 87 individuals and 77 companies. In 2011, that number was 63 interim orders and asset freeze orders, and trading restrictions were placed on 109 individuals and 108 companies.

Interim and Asset Freeze Orders



Respondents

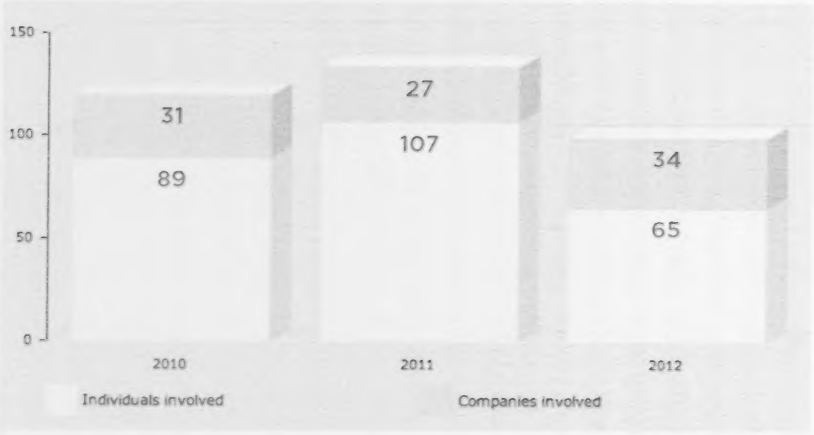
Asset freeze orders are used by securities regulators to prevent the dissipation of assets pending completion of an investigation. Where circumstances merit, regulators can also apply to the court to appoint a receiver to manage assets that have been frozen to facilitate an orderly distribution of assets back to investors. Assets can include bank accounts and personal property such as vehicles, buildings and other physical assets. In 2012, CSA members froze assets relating to 23 individuals and 14 companies, representing a total of $18,211,977 in bank accounts.

Reciprocal Orders

Orders issued by a court or other securities regulatory authorities may be reciprocated. Reciprocal orders prevent individuals or companies from carrying on their conduct in the reciprocating jurisdiction. The use of reciprocal orders demonstrates the commitment of CSA members to strengthening investor protection and enforcement coordination across Canada. The charts below indicate the number of reciprocal orders issued in each of the last three years, and the number of individual and company respondents affected by those reciprocal orders.

Reciprocal Orders

Respondents



Cases Concluded by SROs

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. The three key SROs, as overseen by CSA members, are the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA), and the Chambre de la sécurité financière (CSF). These three organizations concluded 128 enforcement cases in 2012, compared with 133 in 2011.

Enforcement cases typically fall into one of six categories, although some cases are relevant to more than one category. We have shortened case names here for simplicity; the concluded cases database contains full case names.

Categories

Fraud

In 2012, the CSA added fraud as a distinct category of securities law violation. In the past, fraud cases had been integrated into the five previously existing categories for the purposes of this report. A separate category for fraud cases reflects the priority placed by CSA members on countering fraud in the Canadian capital markets.

While the precise definition of fraud varies by jurisdiction, the consistent elements in fraud cases are deceit and deprivation.

In the Alberta fraud case of Arbour Energy, the Alberta Securities Commission (ASC) ordered the largest total monetary sanctions in its history. Sanctions of nearly $54 million were imposed against Milowe Brost, The Institute for Financial Learning Group of Companies Inc., Gary Sorenson, Merendon Mining Corporation Ltd., and Dennis Morice. The Institute for Financial Learning (IFFL) was an investment club. Among the investments that it recommended to its members were illegitimate companies controlled by the respondents. Members received statements that claimed solid returns, but payouts to members actually came from other members' investments. The respondents were found to have deliberately perpetrated a complex, coordinated and far-reaching fraudulent investment scheme that not only placed investors at risk, but also seriously impaired the reputation of the Alberta capital market. Along with the monetary sanctions, Brost, Sorenson and Morice all received trading, purchasing and director and officer bans. The investigation of this massive fraud, which involved hundreds of investors throughout North America, is an example of the cooperation that occurs among securities regulators and law enforcement agencies, as discussed further on the Inter-jurisdictional Collaboration page.

> "All of the respondents were involved in perpetrating a systemic massive fraud on Alberta and other investors involving a complicated web of domestic and offshore corporate and other entities, bank accounts and offerings. Investment fraud is reprehensible and completely unacceptable capital-market misconduct."
>
> - *ASC Panel, ruling on the Arbour case*

The Arbour case was a large Ponzi scheme, in which the promised rate of return was paid to the initial investors using funds provided by subsequent investors. These schemes eventually collapse because there is usually no underlying asset and the perpetrator is ultimately unable to make payments to investors. The William Priest case in New Brunswick, described below, is another Ponzi scheme example.

CSA members addressed several cases of affinity fraud in 2012, which preys on the affiliation and trust among members of a group, such as religious or ethnic organizations.

The New Brunswick case of William Priest is both an affinity fraud, perpetrated in a small community by a trusted community member, and also a Ponzi scheme. William Priest, a mortgage advisor, was found to have offered clients investments in real estate projects in which he claimed to be involved. Priest used these investments to cover his personal expenses and to pay back other clients. He exploited family and community relationships to fraudulently obtain $600,000. Priest was charged with, and pleaded guilty to, nine counts of fraud under the New Brunswick Securities Act. He was sentenced to nine separate sentences of three years each, to be served concurrently.

The Ontario case of Marlon Gary Hibbert et al. was a large affinity fraud. The Ontario Securities Commission (OSC) found that Hibbert, and a number of corporate entities of his creation, had been involved in a fraudulent investment scheme involving an illegal distribution of securities. Hibbert was the pastor and founder of Dominion World Outreach Ministries Dominion Worship Center Inc., and a founding member of Fight For Justice, which had a mandate to improve the lives of members of the African-Canadian community. Through these organizations, Hibbert solicited investors by falsely claiming foreign exchange trading success and by promising high rates of return, with the principal guaranteed. He collected $8.4 million from more than 200 investors and misappropriated $1.1 million, with $673,000 diverted for his personal use. In September 2012, the OSC ordered Hibbert to disgorge $4,672,780 and to pay an administrative penalty of $750,000 and an additional $200,000 in costs. He was also permanently banned from trading.

> "In 32 years of adjudication, I have never encountered a more vile, more heinous fraud than that perpetrated by Hibbert on his unsuspecting parishioners. Investors who testified stressed the implicit trust they had in Hibbert because he was a "Man of God""
>
> – *OSC Panel, ruling on the Hibbert case*

In a high-profile case, the OSC found that Sextant Capital Management Inc. and Otto Spork, both of whom were registrants, had perpetrated a complex investment fund fraud by selling investment fund units at falsely inflated values, taking millions of dollars in fees based on these values, and directly misappropriating funds. At least 246 Canadians invested $23 million in Sextant. The OSC ordered Spork to pay an administrative penalty of $1 million and to disgorge $6.35 million, along with banning him from trading, registering and serving as a director or officer. This matter is under appeal.

In the case of Irwin Boock, Stanton DeFreitas and Jason Wong, the OSC reached settlement agreements with the respondents for having participated in a fraudulent investment scheme in which defunct U.S. public companies were 'hijacked' and traded in the over-the-counter securities market in the U.S. The schemes were facilitated by transfer agents, which the respondents had a role in creating or operating. The OSC ordered Boock and DeFreitas to pay an administrative penalty of $70,000 each and Wong to pay $35,000. Boock, DeFreitas and Wong were ordered to disgorge $145,300, $70,000 and $39,000 respectively, and varying lengths of trading, registration and director/officer bans were imposed.

In B.C., Michael Robert Shantz was found guilty of committing fraud through his company, Canada Pacific Consulting Inc. (CPC). A British Columbia Securities Commission (BCSC) panel found that Shantz had solicited German and Swiss residents to open trading accounts with CPC, claiming that the company would conduct gold futures or foreign exchange trading on their behalf. The panel found that CPC lied to investors about the nature of its business and its plans to invest their money. None of the funds were invested as promised. Shantz was ordered to pay the BCSC the $1.5 million he obtained from his illegal activity and an administrative penalty of $630,000.

Investors who are taken in by frauds seldom recover their money. This is why, in addition to shutting down these schemes, CSA members work to educate investors on how to recognize and avoid suspicious or fraudulent investments by way of provincial and territorial securities regulator websites, programs and investor resources. The CSA's website page on avoiding fraud is a good public education resource.

Illegal Distributions

An illegal distribution is a sale or attempted sale of securities to investors that does not comply with securities law registration, trading or disclosure requirements. Some illegal distributions also constitute fraud. For examples of such cases in 2012, see the fraud pages of the case highlights section.

Offering an investment opportunity generally requires issuing a prospectus, unless certain exemptions are available. A prospectus is a document that describes the investment and the associated risks to the investor. Anyone in the business of advising or trading in securities in Canada must register with the relevant securities regulator, again unless certain exemptions are available.

Certain investment opportunities may be sold without a prospectus or sold by unregistered people or firms if they fall in the category of "exempt market securities." Exempt market securities must be sold under strict restrictions, such as limiting the investment opportunity to family, friends or business associates, selling securities worth a minimum of $150,000 per transaction or selling investments to accredited investors (persons, corporations or investment funds meeting specific net worth or income requirements).

In the Concrete Equities case in Alberta, the respondents sold $110 million worth of real estate securities without a prospectus for any of the investments. The Alberta Securities Commission (ASC) imposed sanctions totalling $5.6 million (including the ASC's largest administrative penalty to date against an individual) on Varun Vinny Aurora, David Humeniuk, David Jones and Vincenzo De Palma. They were sanctioned both for illegally distributing securities and also for making misleading and untrue statements in offering documents. They also received bans of various lengths from trading in securities or acting as directors or officers of issuing companies.

> "Had [investors] been given a prospectus, and had they been afforded the benefit of the involvement of a registered salesperson knowledgeable about securities, capital markets and the investors themselves... the losses we heard of – and the sometimes heartrending effects on lives and families – might have been avoided."
>
> – *ASC Panel, ruling on the Concrete Equities case*

Perpetrators of illegal distributions often build a high level of trust with their victims through community, church or other affiliations. In the case of Arvindbhai Patel in B.C., investors were relying on the former mutual fund salesperson and financial planner to provide sound investment guidance. Instead, he introduced investors, many of whom were his family, coworkers and clients at the credit union where he was previously employed, to investments with little due diligence of his own. Notably, Patel introduced approximately 90 investors to an investment opportunity through Rashida Samji, then a notary public in B.C. Almost $29 million was invested, much of which was lost. Patel received a permanent market ban from the British Columbia Securities Commission (BCSC) for his actions. He voluntarily transferred his interests in five properties to a receiver that had been appointed by the Supreme Court of British Columbia at the request of the BCSC.

Misconduct by Registrants

Any person or company in the business of advising or trading in securities in Canada must be registered under the securities laws of each Canadian jurisdiction in which they conduct this activity, unless an exemption is provided in legislation or by order from the securities regulators. Misconduct by registrants occurs when a registered person or company violates securities laws. It is also misconduct to fail to register when required to do so, or to fail to adhere to the conditions of a registration exemption. The cases involving registered firms showcase the importance of diligence both in the supervision of portfolio advisers, who manage large investment funds, and also in disclosure to investors. The individual cases provide useful examples of the severity of penalties applied to registrants found guilty of misconduct.

The Ontario case of Portus Alternative Asset Management Inc. showcases the large scale on which misconduct by registrant cases can occur. In 2012, the Ontario Securities Commission (OSC) approved settlement agreements with Boaz Manor, the co-founder and associate portfolio manager of Portus, and its compliance officers, Michael Labanowich and John Ogg, as a result of the collapse of Portus' hedge funds in 2005. Approximately 26,000 individuals invested $750 million in the hedge funds, but roughly $100 million was never actually invested and $41 million was used towards the company's operating expenses. The OSC ordered Manor to disgorge $8.8 million and imposed trading, registration and director and officer bans on him. He had previously pleaded guilty to criminal charges and was sentenced to four years in prison. At the request of the OSC, a receiver was appointed by the court and most investors have received approximately 95 per cent of their funds.

The Trapeze Asset Management Inc. case in Ontario offers an example of a registered firm failing to ensure that certain investments were suitable for all of its clients. Trapeze and Randall and Herbert Abramson, two of the company's senior officers and directors, also failed to accurately assess the risk associated with many of the investments purchased on behalf of clients in managed accounts. Under terms of a settlement agreement, Trapeze agreed to submit to a review of its practices and to conduct account reviews. The OSC also ordered the respondents to pay an administrative penalty of $1 million and an additional $250,000 in costs.

In Nova Scotia, John George Frederick Campbell was ruled to have failed to deal fairly, honestly and in good faith with a client when he falsified a client document. Campbell had verbal direction from a client, but he scanned the client's signature onto a letter of direction and used a signature guarantee stamp to confirm that it was a valid signature. A Nova Scotia Securities Commission (NSSC) panel settlement agreement required Campbell to pay an administrative penalty of $7,500 and $5,000 in costs, reinforcing the importance of diligent and honest administrative practices by registrants.

In Québec, the Autorité des marchés financiers (AMF) pursued several cases in 2012 targeting not only registrant firms but also the registered individuals having compliance regulatory obligations within those firms. For example, in Service Financier Rimac, Inc., a mutual fund dealer, the AMF found that the chief compliance officer and the ultimate designated person had not fulfilled their obligations to monitor and control the activities of Rimac. At the request of the AMF, the Bureau de décision et de révision (BDR) suspended Rimac's registration, ordered the firm to appoint a new chief compliance officer and ultimate designated person, and imposed $10,000 in penalties. Following Rimac's failure to fulfill the requirements imposed by the BDR, Rimac's registration has been cancelled. The deficiencies at Rimac came to light during a routine inspection of the firm's premises by the regulator.

Illegal Insider Trading

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as "tipping" information and trading by the person "tipped." Material information (or "privileged information" in some jurisdictions) can include everything from financial results to executive appointments to operational events. Illegal insider trading cases highlight the care any company employee must take when buying or selling his or her company's shares.

Disclosure Violations

Confidence in the capital markets requires confidence in the accuracy of the information that companies disclose about their business activities. Timely, accurate and complete financial statements are the core of good disclosure practice. In disclosure cases, the victims are typically company shareholders. Continuous disclosure review programs undertaken by CSA members aim to ensure that investors have accurate and timely information about public companies on which to base their investment decisions. When appropriate, continuous disclosure reviews may result in a referral to the enforcement branch of a CSA member.

The Alberta Securities Commission's (ASC) case against Matthew Russell highlights the responsibility of executives to ensure that company disclosure is correct and that executive qualifications are appropriate. The ASC sanctioned Russell, the president and CEO of Azteca Gold Corp., for making, and causing the company to make, misleading and untrue statements in numerous 2009 news releases. Russell was also sanctioned for acting as Azteca's "qualified person" when he lacked the requisite experience to do so. As a result, an ASC panel banned Russell from acting as a director or officer of any issuer until June 13, 2017 and ordered him to pay an administrative penalty of $150,000 and additional costs of $40,000.

> "[Russell's conduct] impaired the ability of investors to make properly informed investment decisions. The potential harm is broad and foreseeable. Investors who bought Azteca securities in the first half of 2009, in the face of improper disclosure, appear to have been directly and quantifiably harmed."
>
> – *ASC Panel, ruling in the Matthew Russell case*

While the responsibility for timely and accurate disclosure primarily falls to company management, the board of directors also has oversight responsibility for disclosure. In the Québec case of Les condos du Lac Taureau, the Autorité des marchés financiers (AMF) charged both management and the directors of this condo corporation for failing to file audited annual income statements for 2006 to 2009. The Bureau de décision et de révision imposed a total of $107,000 in penalties against the respondents, including the five directors of the corporation.

> "A person who agrees to sit on the Board of Directors of a reporting issuer should expect to fulfill obligations which are important for investor protection and financial market efficiency."
>
> – *Bureau de décision et de révision, ruling in the Les condos du Lac Taureau case*

Three 2012 cases demonstrate the measures that regulators will take to enforce the rules around filing insider reports. In the Philip Renaud case in Québec, the AMF launched penal proceedings against Renaud for failing to report a change in his control over the securities of a mining company. Renaud pleaded guilty to three counts for a total fine of $36,000. Similarly, in the Guy Goulet case, Goulet repeatedly failed to provide timely disclosure of changes in his control over the securities of two companies for which he was an insider. The AMF launched penal proceedings against Goulet for failing to comply with insider reporting deadlines. He pleaded guilty to 26 counts for a total fine of $57,000. Finally, in the Nova Scotia case of Adams, Weir et al., three senior officers of Heilical Inc, Timothy Adams, Lowell Weir and Carol MacLaughlin-Weir, repeatedly failed to file insider trading reports over a significant period of time. A Nova Scotia Securities Commission (NSSC) panel assessed total penalties of $51,600.

Market Manipulation

Market manipulation involves efforts to artificially increase or decrease the price of a security, including a company's shares. Examples of market manipulation include high closing activities, volume manipulation and "pump and dump" schemes. The latter term describes schemes that involve talking up a company's share price with untrue or exaggerated information, in order to sell shares at a profit before the inevitable crash in the share price when the company's true position becomes evident.

In the Manitoba case against Olav Kenneth Gilleshammer, the respondent entered buy orders in shares of R Split III Corp., a thinly traded mutual fund corporation, on two trading accounts that he controlled. The buy orders were placed immediately before the end of the trading day, and they expired at the end of that trading day. The trades resulted in multiple days where the closing price of the stock was higher than it would have been without the buy orders. The unusual trading pattern was identified by IIROC market monitoring and referred to the Manitoba Securities Commission (MSC) for investigation. Gilleshammer was ordered to pay an administrative penalty of $4,000, costs of $500 and was prohibited from trading within 30 minutes of the close of any trading day.

Proactive Measures

A high priority for each CSA member is to detect and disrupt securities misconduct before harm is caused. CSA members take proactive measures, such as issuing interim cease trade orders or asset freeze orders, whenever possible to safeguard Canadian investors while investigations are in progress. Freeze orders are used to secure funds or other assets while a matter is fully investigated.

In the case of Orbite Aluminae Inc. in Québec, the Autorité des marchés financiers (AMF) requested an interim cease trade order, as a technical report filed by Orbite did not comply with the requirements of *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects*. The technical report contained several material shortcomings with respect to information concerning rare earth elements that made it impossible to analyze the information used to establish mineral resource estimates. Eventually, with cooperation from Orbite and additional information for investors through an auditor's report, the order restricting trading activity was lifted following a joint request by the AMF and Orbite.

In Ontario, the Ontario Securities Commission (OSC) imposed terms and conditions on the registration of four scholarship plan dealers: Children's Education Funds Inc., Global RESP Corporation, Heritage Education Funds Inc. and Knowledge First Financial Inc. These interim orders were imposed following compliance reviews that identified significant compliance deficiencies, including failure to ensure suitability of the investment for the client and to adequately collect and assess client information. Each dealer is required to retain a compliance consultant to develop and implement a compliance plan and a monitor to ensure that all sales are suitable.

Two British Columbia Securities Commission (BCSC) cases are examples of the type of proactive searches of electronic media undertaken by CSA members to identify potentially inappropriate solicitations of investments. Following searches of Craigslist – an on-line classified advertisements site – the BCSC took proactive measures to forestall two attempted frauds.

In the Paul Lester Stiles case, Stiles had been promoting investments in Velocity Entertainment Inc., promising highly unrealistic returns. A BCSC investigator responded to a Velocity advertisement posing as an investor, was promised a "totally secure" return of 100 per cent in six months, and given instructions for how to transfer funds to Stiles' bank account. The BCSC permanently banned Stiles from the B.C. capital markets and imposed an administrative penalty of $35,000.

Similarly, in the Samuel Richard Allaby case, Allaby was using Craigslist to promote an investment in Gaia Equity Investments, a company that purportedly invested in renewable energy projects internationally. Again, a BCSC investigator posed as an investor, and was given several false statements. The investigator was told that Gaia investors had averaged a 257 per cent return annually since 2008, and that the returns were guaranteed by the World Bank and the International Monetary Fund. Allaby was permanently banned from the capital markets and assessed a $50,000 administrative penalty.

> "This is an attempted fraud and the orders we make in the public interest should reflect that. Attempted frauds have the same potential to seriously impair the integrity and reputation of our markets as do actual frauds, especially if it were to appear that attempted frauds drew consequences significantly less serious than actual ones."
>
> – *BCSC panel, ruling in the Paul Lester Stiles case*

Prosecution in the Courts

In some cases, Canadian securities regulators are able to pursue charges related to securities law violations in the courts, either on their own or through a Crown prosecutor, where jail terms can be imposed upon conviction.

In Ontario, Abel Da Silva was sentenced to 18 months in jail, including nine months for the illegal distribution of securities of Moncasa Capital and nine months for breaching three separate cease trading orders. Da Silva sold securities of Moncasa Capital to 57 investors throughout Canada, raising $1.2 million, none of which has been returned to investors. He sold shares to the public on the pretence that the capital raised would fund the acquisition of luxury properties in the Caribbean. The sentence imposed was concurrent to a 27 month sentence Da Silva is currently serving for fraud and illegal distribution relating to another company. The OSC appealed the concurrent sentence and sought an 18 month consecutive sentence. The Superior Court found the concurrent sentence imposed on Da Silva was unfit and that a total sentence of 45 months was not disproportionate to the gravity of the offences.

In Alberta, Jason Yiu-Kwan Chan was found guilty of 30 counts of breaching Alberta securities laws, including fraud, making false statements to investors and trading in securities without registration or a prospectus. He was sentenced to three years in a federal penitentiary. He was also ordered to pay restitution of $62,167.05 to investors who had advised Chan that they wanted their money invested in low-risk investments. Instead, Chan invested $1.1 million of their money in Terra Nova Capital and Comdev Financial, two trade names that were registered to his name. The funds were then transferred to the personal bank account of Chan and his wife and used to purchase real estate in Alberta and Montana. When the real estate market turned for the worst, property values dropped and the funds were lost.

In Manitoba, James Harvey Cameron was sentenced to nine months in prison, followed by one year of supervised probation and 100 hours of community service, for pleading guilty to six counts of trading in securities without registration and one count of acting as a securities advisor without registration. The Provincial Court of Manitoba based its sentencing on the severity of the violations and Cameron's prior record of *Securities Act* violations.

The William Priest case, highlighted in the fraud section, included a guilty plea on nine counts of fraud under the New Brunswick *Securities Act*. Priest was sentenced to nine separate sentences of three years, to be served concurrently.

Inter-jurisdictional Collaboration

Collaboration among securities regulators and law enforcement officials takes many forms. CSA members routinely share information, and will conduct joint investigations or even joint hearings in cases that cross jurisdictional boundaries.

Canadian securities regulators also work with international regulators, such as the Securities and Exchange Commission (SEC) and state-level regulators in the U.S., and the Financial Services Authority in the U.K. This collaboration happens both through formal organizations such as the North American Securities Administrators Association and through informal contacts across the jurisdictions. Pursuant to international agreements, enforcement personnel assist their counterparts in other jurisdictions with regulatory investigations. They also share best practices and intelligence about emerging trends.

An example of collaboration between two agencies is highlighted in the Suman and Rahman matter. The Ontario Securities Commission (OSC) and the SEC coordinated their investigations and initiated proceedings concurrently. In 2012, an OSC panel found that Shane Suman (who lived in Ontario) tipped his wife, Monie Rahman (who lived in the U.S.), about the proposed acquisition of Molecular Devices Corporation by MDS Inc. Suman, an employee of MDS, and Rahman purchased Molecular securities, which they then sold after the acquisition announcement for a profit of $954,938. Suman worked in the IT group of a subsidiary of MDS. The SEC obtained a judgment ordering the disgorgement of $1,039,440 (USD). Even though Molecular was not a reporting issuer in Ontario, the conduct of Suman and Rahman was deemed to be contrary to the underlying policy objectives of the *Ontario Securities Act's* insider trading provisions. The OSC ordered Suman to disgorge $954,938 and to pay an administrative penalty of $250,000 and for both respondents to pay costs of $250,000. Permanent cease trading and director and officer bans were also imposed.

The Arbour Energy Ponzi scheme, highlighted in the fraud section of the report, is an example of collaboration among securities regulators and law enforcement officials across North America. Not only did the Alberta Securities Commission (ASC) share with and obtain information and strategy from other Canadian securities authorities including the OSC, Autorité des marchés financiers (AMF), Manitoba Securities Commission (MSC), Saskatchewan Financial Services Commission (SFSC), and British Columbia Securities Commission (BCSC), it also worked with the SEC in the United States and the Washington State Department of Financial Institutions, Division of Securities. In addition, the ASC cooperated with the Alberta office of the RCMP's Integrated Market Enforcement Team (IMET) as it conducted its own investigation and prosecution of the matter under the fraud provisions of the *Criminal Code*.

Other Cases

The case of Gibraltar Global Securities Inc., a company registered in the Bahamas, shows the willingness of CSA members to pursue international companies that do not follow Canadian securities laws. Gibraltar provides offshore securities brokerage, investment management and advisory services. A British Columbia Securities Commission (BCSC) panel found that Gibraltar provided service on behalf of B.C. residents without being registered to do so. Gibraltar also repeatedly refused to provide BCSC staff with the names and account information for the B.C. residents who beneficially held accounts with Gibraltar. The panel assessed a penalty of $300,000 and ordered that Gibraltar be permanently banned from trading or purchasing securities in B.C. As well, Gibraltar was ordered to state on its website that it is permanently prohibited from having clients who are resident in B.C.

In the case of Dirk Christian Lohrisch, a BCSC panel permanently banned the former investment advisor from the B.C. capital markets based on a July 26, 2010 decision from the Investment Industry Regulatory Organization of Canada (IIROC). An IIROC panel found that Lohrisch breached the IIROC dealer member rules when he submitted a registration form that was misleading about his credentials, submitted a forged transcript and attempted to obstruct an IIROC investigation into his conduct. On a review of the IIROC panel decision, the BCSC panel found that Lohrisch's conduct was contrary to the public interest and warranted orders broader than those able to be imposed by IIROC.

Finally, the Québec case of Gilbert Fournier shows the importance of cooperating with securities investigators when they are conducting an investigation. In 2006, an investigator from the Autorité des marchés financiers (AMF) served a subpoena compelling Fournier to appear before him to be examined and requiring him to bring certain documents. During the examination, Fournier, assisted by his lawyer, refused to answer the investigator's questions, alleging that they were not relevant to the investigation. The Québec Court of Appeal (QCA) ruled that if an objection is raised by the lawyer, it is up to the investigator to decide whether it is well-founded. Any person who refuses to answer questions asked in the context of an investigation must be made aware of the consequences of this refusal. A $1,000 sanction was imposed on Fournier.

> "The integrity of registrants is especially important to investor confidence. Not only has Lohrisch followed a path of dishonesty, he shows no remorse. How could investors have confidence in a market that would tolerate that misconduct? On what basis could we impose less than permanent sanctions when there is no evidence that he acknowledges that he had done anything wrong?"
>
> – *BCSC Panel, ruling on the Lohrisch case*

> "Of course, the questions asked must be related to the purpose of the AMF investigation, but doubts cannot be raised about their relevance at the least question. In this case, the repeated refusal to give any information whatsoever on the grounds of irrelevance testifies more to a systematic refusal to answer."
>
> – *Québec Court of Appeal, ruling on the Fournier case*

2012 Concluded Cases Database

Illegal Distributions

- 9-1-1 Finance and Corriveau, Mario (QC)
- AdCapital (BC)
- Ameron Oil and Gas (ON)
  - Order re: Knowles, Gaye
  - Settlement agreement re: Knowles, Gaye
- Aurora, Varun Vinny; Humeniuk, David; Jones, David; and De Palma, Vincenzo (AB)
  - Merits decision re: Aurora, Varun Vinny; Humeniuk, David; Jones, David; and De Palma, Vincenzo
  - Sanctions decision re: Aurora, Varun Vinny; Humeniuk, David; Jones, David; and De Palma, Vincenzo
- Berkeley Coffee & Tea Inc. and Tan, Sean (BC)
  - Order re: Berkeley Coffee & Tea Inc. and Tan, Sean
  - Settlement agreement re: Berkeley Coffee & Tea Inc. and Tan, Sean
- Bforex Ltd. (AB)
- Boivin, Daniel (QC)
- Cahill, Barrie William (MB)
- Cameron, James Harvey (MB)
- Caza, Joseph and Kanji, Salim (ON)
  - Order re: Caza, Joseph
  - Order re: Kanji, Salim
- Ciconne Group (ON)
  - Order re: Domenicucci, Carmine
  - Order re: Brubacher, Daryl; Martin, Andrew and TADD Investment Properties Inc.
  - Settlement agreement re: Brubacher, Daryl; Martin, Andrew and TADD Investment Properties Inc.
- Crainshaw International Ltd. and Osbourne Worldwide Limited (NB)
- Crown Capital Partners Limited (ON)
  - Order re: Mellon, Richard and Elin, Alex
  - Sanctions decision re: Mellon, Richard and Elin, Alex
- Da Silva, Abel G. (ON)
- Demers, Jean-François (QC)
- Déry, Simon (Groupe ADA) (QC)
- Drouin, René (Centre financier de la Montérégie) (QC)

Duchastel, Jacques (4391934 Canada inc.) (QC)
Exploration Korinor Inc. (QC)
Flamingo Capital inc. and Michael Carty (QC)
Froment, Marc-André (Corporation Mount Real) (QC)
Froment, Marc-André (Gestion de placements Norshield (Canada) Ltée) (QC)
Gagné, Jacques (QC)
Gateway Village II Ltd. Partnership (AB)
Gauthier, Patrick; Traversy, André; Mercier, Benoit; Deschênes, Réjean; Lessard, Réjean; and Émond, Pierre (CTIC) (QC)
Gibraltar Global Securities Ltd. (BC)
Global Energy Group Limited (ON)
• Order re: Feder, Elliot
• Settlement agreement re: Feder, Elliot
Gold Vault Metals, LLC (SK)
Grinfeld, Sam (QC)
Jakubowsky, Kenneth Edmund (AB)
JV Raleigh Superior Holdings Inc.; Smith, Maisie (aka Smith, Maizie); and Eshun, Ingram Jeffrey (BC)
Kam, David; Pôle Nord de l'Amérique inc.; and E=MC2 Company inc. (QC)
Leemhuis, Feico (Future Growth Group) (QC)
L'Heureux, Daniel (QC)
L'Italien Michel (QC)
Locate Technologies Inc.; 706166 Alberta Co.; and Drever, Lorne (AB)
M P Global Financial Ltd. and Deng, Joe Feng (ON)
• Order re: M P Global Financial Ltd. and Deng, Joe Feng
• Sanctions decision re: M P Global Financial Ltd. and Deng, Joe Feng
Maitland Capital Ltd. (ON)
• Order re: Maitland Capital Ltd.; Grossman, Allen; and Ulfan, Hanoch
• Sanctions decision re: Lanys, Steven
• Order re: Lanys, Steven
• Order re: Mezinski, Tom
• Sanctions decision re: Mezinski, Tom

Mallet, George Wayne; Villabar Real Estate Inc.; St. Clair Research Associates Inc.; Medoff, Ronald M.; and Hoffer, Mayer (NB)
• Settlement agreement re: Mallett, George Wayne
• Order re: Mallett, George Wayne
Mega-C Power Corporation (ON)
• Order re: Pardo, Rene
• Settlement agreement re: Pardo, Rene
Melkonian, Sebouh (QC)
MI Capital Corporation et al. (NB)
Migneault, Alexandre (QC)
Milzi, Roberto (Corporation Mount Real) (QC)
Nest Acquisitions and Mergers (ON)
• Order re: Zuk, Robert Patrick
• Settlement agreement re: Zuk, Robert Patrick
New Found Freedom Financial (ON)
• Order re: Whidden, David
• Settlement agreement re: Whidden, David
• Order re: Swaby, Paul and Zompas Consulting
• Settlement agreement re: Swaby, Paul and Zompas Consulting
Noreau, Michel (Véhicules Nemo inc.) (QC)
Nudawn Enterprises Ltd. (SK)
Pacific Ocean Resources Corporation and Dyer, Donald Verne (BC)
Palmer, Gary Gerald (MB)
Patel, Arvindbhai (BC)
• Order re: Patel, Arvindbhai
• Settlement agreement re: Patel, Arvindbhai
Prépayé ICP – Intercontinental Inc. (QC)
Rancourt, Charles (Exploration Lounor inc.) (QC)
Ressources minières Andréane inc. (Guy Bégin) (QC)
Sternberg, Daniel; Parkwood GP Inc.; and Philco Consulting Inc. (ON)
• Order re: Sternberg, Daniel; Parkwood GP Inc.; and Philco Consulting Inc.
• Settlement agreement re: Sternberg, Daniel; Parkwood GP Inc.; and Philco Consulting Inc.
Stiles, Paul Lester (BC)

Sundre Development Ltd. (AB)

Tardif, Claude (Gestion de placements Norshield (Canada) Ltée) (QC)

Treadz Auto Group Inc. (AB)

Tsoukatos, Theodore (QC)

VerifySmart Corp.; Verified Transactions Corp.; Scammel, Daniel; and de Beer, Casper aka Casha de Beer (BC)

Vincenti, Alfonso (QC)

Weeres, Steven Vincent and Donszelmann, Rebekah (NB)

Westside Land Corporation (AB)

Zulak Financial Group Ltd.; Zulak, Melvin; and Davis, Karla Ann (BC)

Illegal Insider Trading

Bratvold, Jeffrey Scott (AB)

Douglas, James Roger (AB)

Greenway, David Charles and Werbes, Kjeld (BC)

- Decision re: Greenway, David Charles
- Decision re: Werbes, Kjeld

Healing, Kenneth Barry and Somji, Nizar Jaffer (AB)

- Settlement agreement re: Healing, Kenneth Barry
- Decision re: Somji, Nizar Jaffer

Keith, Donald A.W.; Keith, Mary Lee; McCue, Michael Brian; and McCue, Arthur Allan (AB)

- Decision re: Keith, Donald A.W.; Keith, Mary Lee; McCue, Michael Brian; and McCue, Arthur Allan
- Settlement agreement re: Twanow, Edward
- Settlement agreement re: Twanow, James

Nash, Richard Gary (AB)

Pecorelli, Frank (BC)

Suman, Shane and Rahman, Monie (ON)

- Decision re: Suman, Shane and Rahman, Monie
- Order re: Suman, Shane and Rahman, Monie

Market Manipulation

Allaby, Samuel Richard; Gaia Equity Investments; and Midas Group Holdings Ltd. (BC)

Gilleshammer, Olav Kenneth (MB)

Disclosure Violations

- Ad Equity (NS)
- Adams, Weir and Weir (NS)
  - Decision re: Adams, Weir and Weir
  - Order re: Adams, Weir and Weir
- Brookmount Explorations Inc.; Flueck, Peter John; and Sungur, Zafter Erick (BC)
- Fletcher, Simone Bernardine (AB)
- Goulet, Guy (QC)
- Keltic Saving Corporation Limited (NS)
- Maritime Equity Fund (NS)
- Mitchell, Bruce Carlos (ON)
  - Order re: Mitchell, Bruce Carlos
  - Settlement agreement re: Mitchell, Bruce Carlos
- Neptune Tech & Bioresources (André Godin) (QC)
- Renaud, Philip (QC)
- Russell, Matthew (AB)
  - Merits decision re: Russell, Matthew
  - Sanction decision re: Russell, Matthew

Misconduct by Registrants

- Beaudoin, Rigolt & associés inc. (QC)
- Beck, Peter; Swift Trade Inc.; Biremis, Corp.; Opal Stone Financial Services S.A.; Barka Co Limited; Trieme Corporation; and Calm Oceans L.P. (ON)
  - Order re: Beck, Peter; Swift Trade Inc.; Biremis, Corp.; Opal Stone Financial Services S.A.; Barka Co Limited; Trieme Corporation; and Calm Oceans L.P.
  - Settlement agreement re: Beck, Peter; Swift Trade Inc.; Biremis, Corp.; Opal Stone Financial Services S.A.; Barka Co Limited; Trieme Corporation; and Calm Oceans L.P.
- Campbell, John George Frederick (NS)
- Cody, Michael (NB)
- Conseil en gestion de patrimoine Infini-T and Coulombe, Normand (QC)
- Duncan, Gregory Matthew (NS)
- F.D. de Leeuw & Associés and Trade Desk America (QC)

- Frontieralt Investment Management Corp. (ON)
  - Order re: Khan, Asif
  - Settlement agreement re: Khan, Asif
- Gagné, André (QC)
- Gestion du capital Botica inc. (QC)
- Gestion de patrimoine Intégralis inc. (QC)
- Glen Eagle Resources inc. (QC)
- Industrielle Alliance, Gestion de placements inc. (QC)
- Interexxim inc. (Richard Fiset) (QC)
- Keybase Financial Group Inc. (NS)
- Kilburn Ogilvie Waymann Investment Management Ltd. and Kilburn, Trevor G. (BC)
  - Order re: Kilburn Ogilvie Waymann Investment Management Ltd. and Kilburn, Trevor G.
  - Settlement agreement re: Kilburn Ogilvie Waymann Investment Management Ltd. and Kilburn, Trevor G.
- Les Condos du Lac Taureau (Mario Gouin) (QC)
- Les Conseillers en placements Randisi inc. (QC)
- Mandataire P.L.P. inc. (QC)
- National Bank Financial and Hicks, Eric Cecil (NS)
  - Decision re: National Bank Financial and Hicks, Eric Cecil
  - Order re: Hicks, Eric Cecil
  - Order re: National Bank Financial
- Options Investissements inc. (QC)
- Portus Alternative Asset Management Inc. (ON)
  - Order re: Manor, Boaz
  - Settlement agreement re: Manor, Boaz
  - Order re: Labanowich, Michael
  - Settlement agreement re: Labanowich, Michael
  - Order re: Ogg, John
  - Settlement agreement re: Ogg, John
  - Order re: Mendelson, Michael
  - Decision re: Mendelson, Michael
- Scodnick, Joel (QC)
- Service financier Rimac inc. (QC)

Services financiers Triathlon inc. (QC)
Solutions monétaires Monarc inc. and Stevens, Karina (QC)
Trapeze Asset Management Inc.; Abramson, Randall; and Abramson, Herbert (ON)
• Order re: Trapeze Asset Management Inc.; Abramson, Randall; and Abramson, Herbert
• Settlement agreement re: Trapeze Asset Management Inc.; Abramson, Randall; and Abramson, Herbert
Trites, Andrew J. (NB)
• Order re: Trites, Andrew J.
• Settlement agreement re: Trites, Andrew J.

Fraud

Arbour Energy Inc. (AB)
• Merits decision re: Arbour Energy Inc.
• Sanctions decision re: Arbour Energy Inc.
Canada Pacific Consulting Inc. and Shantz, Michael Robert (BC)
Carlton Ivanhoe Lewis; Scott, Mark Anthony; Sedwick Hill; Leverage Pro Inc.; Prosporex Investment Club Inc.; Prosporex Investments Inc.; Prosporex Ltd.; Prosporex Inc.; Prosporex Forex SPV Trust; Networth Financial Group Inc.; and Networth Marketing Solutions (ON)
Chan, Jason Yiu-Kwan (AB)
Ciccone Group (ON)
• Order re: Ciccone, Vincent
• Settlement agreement re: Ciccone, Vincent
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• Order re: Hibbert, Marlon Gary; Ashanti Corporate Services Inc.; Dominion International Resource Management Inc.; Kabash Resource Management; Power To Create Wealth Inc.; and Power To Create Wealth Inc. (Panama)
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